
PROJECT APPRAISAL AND ANALYSIS

Course Objectives:

To explain identification of a project, feasibility analysis including market, technical and financial appraisal of a project. Understand the relevance of alternative project appraisal techniques, financial structuring and financing alternatives. This course intends to involve students to apply appraisal techniques for evaluating live projects.

Learning Outcomes:

1. Perform appraisal of projects with detailed feasibility analysis.
2. Develop the profitability projections.
3. Develop the strategies employed in managing risk.
4. Practice project management decisions and control

Detailed Syllabus:

Unit 1: Introduction

(5L)

- Concept of project, characteristics and classification of project, project management, Project Selection process, Project appraisal and evaluation, Project cycle, Project cycle management, Private and Public sector Projects; Identification of investment opportunities - industry analysis review of project profiles, feasibility study, Project identification and formulation, Basic Principles of Project Analysis, Entrepreneurship - concept, theory and perspective

Unit: 2: Market Analysis

(15L)

- Market analysis of a project, Need for market analysis, Demand and supply analysis, primary /secondary data and its sources, Forecasting techniques, Uncertainties in Demand forecasting, Coping with uncertainties, Technical appraisal of a project, Business and Technology Acquisition and management of technology.

Unit 3.1: Investment Appraisal

(15L +15L=30L)

- Introduction, Investment criteria and techniques-DCF and non-DCF, Project Appraisal parameters of Financial Institutions.

Unit 3.2: Social Cost benefit analysis

- Value added Concept, Value Added Statement, social surplus, indirect impact of projects, and rationale of SCBA, Efficiency and Equity in Project Appraisal, UNIDO approach, Little Mirlees Approach.

Unit 4: Project Assessment under risk and uncertainty**(20L)**

- Types and sources of risk, conventional techniques (payback period, risk adjusted discount rate, sensitivity analysis, certainty equivalent). Statistical techniques - Concept of probability, probabilistic cash flow approaches, Application of Network Analysis and Monte Carlo Simulation techniques, abandonment value, decision trees.

References:

1. Machiraju, H.R.: Introduction to Project Finance, Vikas Publishing House
2. Prasanna Chandra: Project Preparation Appraisal Budgeting and Implementation, Tata McGraw
3. Gupta Amrishi: Project Appraisal and Financing, PHI